

PUBLIC EMPLOYEES' RETIREMENT BOARD

Audit Committee

100 North Park Avenue, Room 201
Helena MT 59601

AGENDA

Thursday, February 9, 2012

3:00 P.M. (or upon adjournment of Board meeting)

Terrence Smith, Chair
Timm Twardoski, Member
Bob Bugni, Member

2:35 pm OPEN MEETING

I. Roll Call

II. Public/Member Comment on any subject of interest to the committee not on the agenda.

Discussion items (3:05 – 3:30)

III. Internal Audit Update (Rena)

A. Employer Audits

1. 125 Plan Audits

Ms. Rena Justice, Auditor, is currently working on Retiree Audits, Non-contributing Audits and Confirmed Salary Audits. This is very time consuming. The 125 Plan Audits have been streamlined and now Ms. Justice is focusing on employer compensations to be sure they are being used appropriately. Audits will be done in-house from now on. Ms. Justice indicated she is going to get some assistance from our Fiscal Division on these audits.

2. VFCA Training Audits

Ms. Justice is auditing the Volunteer Firefighter to ensure that the minimum training requirements have been met before they receive a year's credit of service. Ms. Justice indicated she will be focusing specifically on the 30 hours of particular training they must receive before they're eligible for the year's credit service.

B. Internal Control Audits

Ms. Justice indicated she had developed an Audit Charter and she is now waiting for approval on that. She also developed a full risk assessment of the internal controls and she will focus on the top 3 priorities and if she has some extra time she will work on the rest of them. She is scheduling those audits now. She is also working on a Training Control Manual.

Informational items (3:30 – 4:00)

IV. Fiscal Services Update (Barbara)

A. Report on Legislative Audit Committee

Roxanne and Barb attended the Legislative Audit Committee, where our fiscal audit

was presented. Roxanne made sure the Audit Committee knew that we had presented legislation and that there was some funding taken out of it. We are looking at the UAL, working with SAVA and the Legislative Finance Committee.

B. Adjustments to DC and 457

1. Investment Expense

We combined the DC and 457 expenses and then realized all of the expenses were only being charged to the 457 plan. Since it is a combined pool for both funds, both of them were responsible for these investment expenses. Therefore a corrective entry was made and part of those expenses were charged to to the DC plan.

2. Fee Revenue

We had originally broke out the 12(b)(1) fees by participants and we were allocating who got what revenues based on the information we had at the time. We recently found out that Great West has a more accurate schedule for those fees and we asked them to go back to 2009 to give us better information about how those 12(b)(1) fees should have been allocated. Because of that we are making an adjustment from the DC plan to the 457 plan in the amount of an additional \$247,000 for a readjustment of all fees. Chairman Terrence Smith requested to see a report that showed detailed information on things like where the money came from, how it was originally allocated, and where it is going. Ms. Barbara Quinn indicated she would have this done by the next Audit Committee Meeting.

V. Set meeting schedule. (May 10, August 9, November 8)

The next Audit Committee Meeting is May 10, 2012.

4:00 pm PROJECTED ADJOURNMENT